


BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2000-319-C - ORDER NO. 2000-865

OCTOBER 25, 2000

IN RE: Application of Bell Atlantic Network Data, Inc. for a Certificate of Public Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange and Interexchange Telecommunications Services within the State of South Carolina.)	ORDER GRANTING	
)	CERTIFICATE TO	
)	PROVIDE LOCAL	
)	EXCHANGE AND	
)	INTEREXCHANGE	
)	TELECOMMUNICATIONS	
)	SERVICES	

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Bell Atlantic Network Data, Inc. ("Bell Atlantic" or the "Company") for authority to provide facilities-based and resold voice and data local exchange telecommunications services, intrastate interexchange telecommunications services and exchange access telecommunications services within the State of South Carolina. The application was filed pursuant to S.C. Code Ann. Sections 58-9-280 and 58-9-520 (Supp. 1999), and the Rules and Regulations of the Commission. During the application process, Bell Atlantic Network Data, Inc. changed its name to Verizon Advanced Data Inc. (hereinafter "Verizon" formerly Bell Atlantic Network Data, Inc.).

By letter, the Commission's Executive Director instructed Verizon to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing was to inform interested

parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. Verizon complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was received August 25, 2000, from the South Carolina Telephone Coalition ("SCTC").

On September 18, 2000, counsel for the SCTC filed with the Commission a Stipulation in which Verizon stipulated that it would seek authority in non-rural local exchange ("LEC") service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent's service area, unless and until Verizon provided written notice of its intent prior to the date of the intended service. Verizon also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. Verizon agreed to abide by all State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The SCTC withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to Verizon provided the conditions contained in the Stipulation are met. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was commenced on September 27, 2000, at 2:30 p.m. in the Commission's Hearing Room. The Honorable William Saunders, Chairman, presided. Verizon was represented by Faye A. Flowers, Esquire. Adelaide D. Kline, Staff Counsel, represented the Commission Staff.

Thomas A. Kiernan, Director-Regulatory Affairs of Verizon, appeared and testified in support of the Application. Mr. Kiernan's primary responsibilities include regulatory policy development, tariff compliance, and overall regulatory compliance, and appearing before commissions for certification proceedings. According to Mr. Kiernan, Verizon is a Delaware corporation that has received authorization to transact business within the State of South Carolina from the Secretary of State for South Carolina. Verizon's principal office is located in New York, New York. Verizon seeks authority to provide resold and facilities-based local exchange, exchange access and intrastate interexchange telecommunications services throughout South Carolina. Verizon proposes to initially provide packet switched data telecommunications services ("Advanced Services") throughout South Carolina. These initial interstate or intrastate Advanced Services include xDS1, Frame Relay and ATM cell relay services that are currently offered by Verizon South Inc. (formerly GTE South Incorporated). Verizon's Advanced Services will be available to both residential and commercial customers, although Advanced Services are typically purchased by business customers. Verizon does not initially intend to offer dialtone services but may do so at a later date subject to compliance with applicable law and Commission rules. The Company requests and may, in the future, provide such services through the use, wholly or in part, of its own facilities.

According to Verizon's Application, the Company intends to commence operations as a non-facilities based provider and become a facilities-based provider during its first year of operations. Verizon will provide the proposed services by

obtaining unbundled network elements and other services obtained from incumbent local exchange carriers pursuant to interconnection agreement(s) that Verizon has filed or will be filing with the Commission in accordance with 47 U.S.C. Section 252 and the Commission's applicable regulations. Verizon may also acquire services and facilities from other carriers operating in South Carolina.

Verizon is authorized to provide telecommunications services by virtue of certification, registration, or tariff requirements, or on an unregulated basis in New York, Connecticut, Pennsylvania, Delaware, District of Columbia, Idaho, Kentucky, Massachusetts, Missouri, Nevada, Ohio, Rhode Island, Texas, Vermont, Washington, Alabama and Illinois.

Mr. Kiernan explained that Verizon will use direct mail or radio and television advertising to market its services to residential and business customers in South Carolina. He stated that Verizon may also market its services jointly with the services of Verizon Communications and its affiliates as permitted by the Merger Conditions of the Federal Communications Commission's Order approving the merger of Bell Atlantic Corporation and GTE Corporation. The record reveals that no joint marketing plans have been developed to date. The record also reveals that the Company is familiar with and agrees to abide by the Commission's guidelines regarding marketing.

Mr. Kiernan testified that customer service representatives will be available to provide customer support via a toll-free number (800) 483-2000 twenty-four hours a day. Mr. Kiernan is the Company's regulatory and customer service contact person. His toll free telephone number is (800) 792-4189. The Company's billing will be done through a

contract with the Verizon Corporation. Verizon Corporation's billing will contain a separate bill for Verizon Advanced Data Inc. In addition to paper bills, customers may receive their bill additionally in the form of a CDROM, a diskette or a tape, whichever form the customer requires to manage its telecommunications needs.

Mr. Kiernan testified that Verizon's underlying carrier in South Carolina will be Verizon South. He further testified that this Commission provisionally approved an interconnection agreement on July 1, 2000, between Verizon and Verizon South.

The record reveals that Verizon's senior management team is well qualified to execute the Company's business plan to provide its proposed telecommunications services and to operate and maintain its facilities over which service will be deployed. The record further reveals that the management team has numerous years of managerial, financial, and technical experience in the telecommunications industry. Mr. Kiernan began his career with New York Telephone in June of 1986 as an Engineer in the Network Planning and Engineering Department. He held several positions with New York Telephone and was promoted to his present position in April of 2000. As President and Chief Executive Officer of Verizon, Veronica Pellizzi is responsible for all aspects of the Company's advanced services business. She joined Bell Atlantic in 1984 as an engineer and has served in a variety of positions in operations management, multi-channel sales management, and customer service positions. Prior to the Bell Atlantic/GTE merger, Ms. Pellizzi was president and chief executive officer of Bell Atlantic Long Distance Business Services.

George C. Via, Verizon's Executive Vice President and Chief Operating Officer, previously served as Group Vice President and Chief Engineer responsible for all network planning capital management, outside plant engineering, central office and interoffice facility engineering, and procurement for Bell Atlantic Corporation. Other members of the management team also have experience in the telecommunications industry. Diane K. Ferber, Chief Financial Officer, was the Executive Director of Planning for Bell Atlantic Global Wireless, responsible for strategy and investment analysis, prior to joining Verizon. John S. Cullina is General Counsel and Secretary, responsible for overseeing the Company's legal and regulatory affairs and for corporate governance matters. Eric D. Cevis is Vice President, Sales and Marketing. Paul N. Kelly is Assistant Treasurer.

With regard to Verizon's financial resources, Mr. Kiernan acknowledged that Verizon has access to the financing and capital necessary to conduct the telecommunications operations it proposes to offer in South Carolina. He said Verizon is a start-up company which will rely on a line of credit extended by Verizon Global Funding Corporation, an indirect wholly-owned subsidiary of Verizon Communications which was created by the merger of Bell Atlantic Corporation and GTE Corporation. A review of the financial information filed with the application indicates a financially strong company as of December 31, 1999.

Mr. Kiernan affirmed that Verizon will provide services that meet the service standards of the Commission, that Verizon will participate in the support of universally available telephone service at affordable rates as required by the Commission.

Verizon requested waivers from certain Commission regulations and requirements. Specifically, Verizon requested waivers from (1) any requirement found in Rule 103-610 that all records be kept within the State of South Carolina; (2) the requirement found in Rule 103-631 to publish and distribute local exchange directories; and (3) any requirement found in Rule 103-612.2.3 that Verizon provide a map of its service areas in South Carolina. Additionally, Verizon requested it be exempt from any record keeping rules or regulations that might require a carrier to maintain its financial records in conformance with the Uniform System of Accounts (USOA). The Company requested that it be allowed to maintain its books and records using Generally Accepted Accounting Principles ("GAAP") instead of the Uniform System of Accounts ("USOA").

Upon certification from this Commission, Mr. Kiernan warranted that Verizon will abide by all the Rules and Regulations of the South Carolina Public Service Commission. Mr. Kiernan affirmed that Verizon would participate in support of universally available telephone service at affordable rates and that Verizon would provide services which meet the applicable service standards of the Commission. Further, Mr. Kiernan testified that the provision of local service by Verizon would neither adversely impact the public interest nor would Verizon's service adversely impact the availability of affordable local exchange service. Mr. Kiernan offered that approval of Verizon's application is in the public interest because residential and business consumers will receive increased choice, improved quality of service, and heightened opportunities to obtain improved technology in their homes and businesses. Further, market incentives for new and old telecommunications providers will be improved through an increase in

diversity of suppliers and competition. Further, the granting of authority will offer increased efficiency of the state's telecommunications infrastructure.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Verizon is organized as a corporation under the laws of the State of Delaware and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. Verizon is a provider of local exchange telecommunications services and interexchange telecommunications services, and Verizon wishes to provide its services in South Carolina.
3. The Commission finds, based upon the evidence presented at the hearing, that Verizon has the managerial, technical, and financial resources to provide the services as described in its Application. S.C. Code Ann. Section 58-9-280 (B)(1) (Supp. 1999).
4. The Commission finds that Verizon's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280 (B)(3) (Supp. 1999).
5. The Commission finds that Verizon will support universally available telephone service at affordable rates. S.C. Code Ann. Section 58-9-280 (B)(4) (Supp. 1999).

6. The Commission finds that Verizon will provide services which will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280 (B)(2) (Supp. 1999).

7. The Commission finds that the provision of local exchange service by Verizon “does not otherwise adversely impact the public interest.” S.C. Code Ann. Section 58-9-280 (B)(5) (Supp. 1999).

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Verizon to provide competitive resold and facilities-based intrastate local exchange service in South Carolina. The terms of the Stipulation between Verizon and SCTC are approved and adopted as a part of this Order, Exhibit 1. Any proposal to provide service to rural service areas is subject to the terms of the Stipulation. In addition, Verizon is granted authority to provide intrastate interLATA interexchange service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), directory assistance, travel card service or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. Verizon shall only charge those rates and charges approved in its tariffs on file with the Commission, as provided in S.C. Code Ann Section 58-9-230 (Supp. 1999).

3. Verizon shall file, prior to offering local exchange telecommunications services in South Carolina, its final tariff of its local service offerings conforming to all matters discussed with Staff and comporting with South Carolina law in all matters.

4. Any proposed change in rates for local telecommunications services must be made in compliance with S.C. Code Ann. Section 58-9-520 (Supp. 1999) and 58-9-540 (Supp. 1999).

5. With regard to the long distance service offerings of Verizon, the Commission adopts a rate design which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

Verizon shall not adjust its long distance rates below the approved maximum level without notice to the Commission and to the public. Verizon shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for long distance services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a

general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1999).

6. If it has not already done so by the date of issuance of this Order, Verizon shall file its revised maximum long distance tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

7. Verizon is subject to access charges pursuant to Commission Order No. 86-584 in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

8. With regard to the Company's resale of interexchange service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

9. Verizon shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Verizon changes underlying carriers, it shall notify the Commission in writing.

10. With regard to the origination and termination of toll calls within the same LATA, Verizon shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dial parity rules established by the Federal

Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

11. Verizon shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The annual report and the gross receipt will necessitate the filing of intrastate information. Therefore, Verizon shall keep such financial records on an intrastate basis as needed to comply with the annual report and gross receipt filings. Be advised that the Commission's annual report for telecommunications companies requires the filing of intrastate revenues and intrastate expenses. The form the Company shall use to file annual financial information with the Commission can be found at the Commission's website at www.psc.state.sc.us/forms. The two page form is entitled "Annual Information on South Carolina Operations for Interexchange Companies and AOS".

12. Further, Verizon shall file such other annual financial information as the Commission requires of competitive local exchange companies. This information includes annual reports and gross receipts reports. As the surveillance report, the annual report and the gross receipt report necessitate the filing of intrastate information, Verizon shall keep such financial records on an intrastate basis as needed to comply with these reporting requirements. The form the Company shall use to provide this information to the Commission can be found at the Commission's website at www.psc.state.sc.us/forms. The form consists of four pages and it entitled "Annual Report for Competitive Local Exchange Carriers."

13. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

Verizon shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The form the Company shall use to provide this information to the Commission can be found at the Commission's website at www.psc.state.sc.us/forms. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

14. Verizon shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

15. The Commission finds the reasoning behind Verizon's requests for waivers of (1) Reg. 103-610 - maintaining books and records within the state, (2) Reg. 103-631 - publishing its own directory, and (3) 103-612.2.3 - providing a map of its services areas in South Carolina reasonable and hereby grants the waivers of those specific regulations. Verizon has indicated that its principal place of business is located in New York, New York and it wishes to keep its books and record there. The Company has indicated that it will make its records available for inspection upon request by the

Commission. Verizon's request for permission to maintain its financial records in accordance with Generally Accepted Principals ("GAAP") is also granted. Verizon asserts that the Commission will have a reliable means to evaluate its operations under GAAP. Verizon intends to enter into an agreement with the incumbent local exchange carrier (ILEC) to include the names of Verizon's customers in the ILEC's directories. Waiver of the map requirement, Reg. 103-612.2.3, is also granted. The services initially offered by Verizon will be provided on a resale basis and will mirror the service areas of the incumbent local exchange carriers. Verizon is directed to comply with all Commission regulations, unless a regulation is specifically waived by the Commission.

16. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs Verizon to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate authorities is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association ("SC NENA") with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing

services within South Carolina, Verizon shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company's operations as required by the 911 system.

17. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:



Executive Director

(SEAL)

filed 9/18/00
Accepted 9/19/00

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

Docket No. 2000-319-C

Re: Application of Verizon Advanced Data, Inc.)
for a Certificate of Public Convenience and)
Necessity to Provide Resold and Facilities-based)
Local Exchange, Interexchange, and Exchange)
Access Telecommunications Services in the State)
of South Carolina)

STIPULATION

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and Verizon Advanced Data, Inc. ("Verizon") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose Verizon's Application. SCTC and Verizon stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to Verizon, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. Verizon stipulates and agrees that any Certificate which may be granted will authorize Verizon to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. Verizon stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. Verizon stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and

until Verizon provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, Verizon acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause. A rural incumbent LEC is a rural telephone company as defined in 47 U.S.C. § 153(37).

5. Verizon stipulates and agrees that, if Verizon gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then Verizon will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. Verizon acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and Verizon, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. Verizon agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

9. Verizon hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 18th day of September, 2000.

Verizon Advanced Data, Inc.:

South Carolina Telephone Coalition:

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ATTACHMENT A

South Carolina Telephone Coalition Member Companies for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.

Chesnee Telephone Company

Chester Telephone Company

Farmers Telephone Cooperative, Inc.

Ft. Mill Telephone Company

Heath Springs Telephone Company Inc.

Home Telephone Company, Inc.

Lancaster Telephone Company

Lockhart Telephone Company

McClellanville Telephone Company

Norway Telephone Company

Palmetto Rural Telephone Cooperative, Inc.

Piedmont Rural Telephone Cooperative, Inc.

Pond Branch Telephone Company

Ridgeway Telephone Company

Rock Hill Telephone Company

Sandhill Telephone Cooperative, Inc.

St. Stephen Telephone Company

West Carolina Rural Telephone Cooperative, Inc.

Williston Telephone Company

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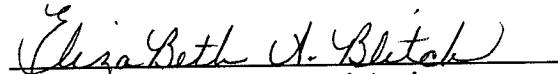
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Local Exchange, Interexchange, and Exchange)
Access Telecommunications Services in the State)
of South Carolina)

**CERTIFICATE OF
SERVICE**

I, ElizaBeth A. Blitch, do hereby certify that I have this date served one (1) copy of the foregoing Stipulation upon the following party of record by causing said copy to be deposited with the United States Mail, first class postage prepaid to:

Faye A. Flowers, Esquire
Parker, Poe, Adams & Bernstein LLP
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September 18, 2000

Columbia, South Carolina